



Unitil Service Corp.

December 19, 2000

Ms. Mary L. Cottrell, Secretary
Massachusetts Department of Telecommunications and Energy
One South Station
Boston, MA 02110

**RE: Fitchburg Gas and Electric Light Company
Energy Conservation Service Program for Calendar Year 2001
D.T.E. 00-91**

Dear Ms. Cottrell:

Enclosed for the Department's consideration is an Offer of Settlement (the "Settlement") between Fitchburg Gas and Electric Light Company (the "Company") and the Commonwealth of Massachusetts Division of Energy Resources ("DOER") in the above referenced proceeding. This Settlement resolves all issues raised in this proceeding. As provided for in the Settlement, the Company and DOER agree to a gas division operating budget of \$4,777.34 and monthly surcharge of \$0.03 per monthly bill for the residential energy conservation service program for the calendar year January 1, 2001 through December 31, 2001. The Company's November 1, 2000 and November 17, 2000 filings in this docket are incorporated by reference in the Settlement.

In light of the Settlement, the Company respectfully requests cancellation of the hearing scheduled for this matter on December 20, 2000. The Company has confirmed consent of this request with the DOER.

Thank you for your attention to this matter.

Sincerely,

A handwritten signature in cursive script that reads "Karen M. Asbury".

Karen M. Asbury
Director of Regulatory Services

Enclosure

Karen M. Asbury
Director, Regulatory Services

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**Cc: Kevin F. Penders, Hearing Officer, MDTE
George B. Dean, Assistant Attorney General
Steven I. Venezia, Deputy General Counsel, DOER
Patricia M. French, LeBoeuf, Lamb, Greene & MacRae, LLP**

**COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY

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D.T.E. 00-91

OFFER OF SETTLEMENT

This Offer of Settlement ("Settlement") is entered into this 19th day of December, 2000 by and between Fitchburg Gas and Electric Light Company ("FG&E " or the "Company") and the Commonwealth of Massachusetts Division of Energy Resources ("DOER"), for the purpose of resolving all issues that were raised in connection with the above-captioned proceeding. FG&E and DOER are collectively referred to herein as the "Settling Parties." Pursuant to 220 C.M.R. § 1.10(8), the Settling Parties stipulate to the following:

1. On November 17, 2000, pursuant to G.L. c. 25 § 19; G.L. c. 164 App., §§ 2-1 through 2-10; and 220 C.M.R. §§ 7.00 et seq., FG&E filed with the Department of Telecommunications and Energy ("Department") a petition for approval by the Department of the Company's proposed Gas Division operating budget of \$4,777.34 and applicable monthly surcharge of \$0.03 per monthly bill for the residential energy conservation service ("RCS") program for the calendar year January 1, 2001 through December 31, 2001 ("CY-2001").

2. Pursuant to G.L.c. 164 App., §§ 2-1 through 2-10 DOER must adopt a state plan and promulgate regulations necessary to implement that plan. DOER is responsible for (a) establishing residential energy and conservation goals; (b) establishing RCS program guidelines; (c) monitoring the implementation of the program requirements; and (d) overseeing the implementation of the state plan by approving a utility implementation plan ("UIP"). DOER has commenced implementation of the redesign of the RCS program, including the amendment of existing regulations. FG&E is monitoring this process. FG&E's filing in this proceeding reflects the unique circumstances of this transition year and specifically responds to the DOER's directive that, in lieu of a traditional UIP, RCS program administrators should include a brief CY 2001 budget summary and related tables for RCS budget filings for CY 2001

3. In support of this Offer of Settlement, the Settling Parties hereby incorporate into this Settlement the exhibits FG&E filed with the Department on November 1st and 17th in support of its proposed budget and surcharge.

4. DOER has received and reviewed FG&E's CY 2001 budget filing and finds that it is adequate to support its RCS activities.

5. FG&E's RCS budget filing complies with the requirements established in G.L.c. 164 App., §§ 2-1 through 2-10; 220 C.M.R. §§ 7.00 et seq.; and the filing requirements set forth in Mass. Save, Inc., D.P.U. 85-189 (1985).

6. FG&E further represents that the documentation provided by FG&E to reconcile undercollections and overcollections from prior fiscal years for its gas-related ECS expenses is complete and accurate. The effect of these reconciling items for FG&E's gas-related ECS expenses is an overcollection of \$1,955.17 for the period January 1, 2000 through December 31, 2000 and an overcollection of \$2,225.76 for prior years. Adjusting the budget amount by these overcollections results in a net amount of \$596.41 to be collected for CY2001 for FG&E's Gas Division (see exhibit filed November 17, page 1).

7. FG&E's actual Gas Division expenses for the first nine months of its fiscal year 2000, January 1, 2000 through September 30, 2000, were \$1,029.36 and are reasonable and therefore recoverable from ratepayers (see exhibit filed November 17, page 1). The Settling Parties agree that the Department will review the Company's actual expenditures for the final three months of 2000 in the next annual RCS budget review.

8. FG&E's CY-2001 Gas Division budget is based on an extrapolation of the CY 2000 budget which was approved by the Department in docket D.T.E. 99-94-G. These twelve-month estimated expenditures for CY-2001 in the amount of \$4,777.34 are reasonable and recoverable from the ratepayers.

9. The Company's proposed CY 2001 Gas Division RCS surcharge of \$0.03 per bill per month down from \$0.18 per bill per month should enable FG&E to assure the successful implementation of its RCS program and will be subject to reconciliation as noted below.

10. Pursuant to 220 CMR 7.00, the Company will submit an updated filing containing the reconciliation of actual expenditures of CY 2000 when the Company files the CY-2002 RCS budget for Department review and approval.

11. The Company calculated its Gas Division RCS surcharge by dividing the total number of gas bills expected to be rendered during CY-2001 by the net amount to be collected to support gas-related RCS services and factoring in an adjustment (to be reconciled in the Company's next RCS filing) (see exhibit filed November 17, page 1). The RCS surcharge to be applied to the Company's gas-only bills during CY-2001 shall be \$0.03 per bill per month.

12. FG&E's proposed CY-2001 RCS program budget, budget reconciliations, and proposed CY 2001 surcharge, are reasonable.

13. Pursuant to G.L. c. 25 § 19, FG&E funds all of its electric-related energy efficiency programs, including ECS, from a mandatory per kilowatthour charge. As indicated on Attachment 2-1 of FG&E's November 1 filing, as well as on FG&E's response to the Department's First Set of Information Requests, DTE-1-1, filed with the Department and DOER on December 14, 2000, the electric portion of FG&E's ECS program budget was included for informational purposes only. The electric portion of the ECS budget is not a proposal nor is FG&E seeking its approval. The Company anticipates filing an electric ECS program budget in its forthcoming five-year Energy Efficiency Plan.

14. The making of this Settlement shall not be deemed in any respect to constitute an admission by any party that any allegation or contention in these proceedings is true or valid.

15. This Settlement is expressly conditioned upon the Department's acceptance of all of its provisions, without change or condition on or before December 31, 2000, and if the Department does not accept it in its entirety, without change or condition, the Settlement shall be deemed to be null and void and without effect, and shall not constitute any part of the record in this proceeding nor be used for any other purpose.

16. The Department's acceptance of this Settlement does not constitute continuing approval of, or precedent regarding, any particular issue in this proceeding, but such acceptance does constitute a determination that, as the Settling Parties believe, the provisions set forth herein are just and reasonable.

17. The discussions which have produced this Settlement have been conducted on the understanding that all offers of settlement and discussion relating thereto are and shall be privileged, and shall be without prejudice to the position of any party or participant representing any such offer or participating in any such discussion, and are not to be used in any manner in connection with this proceeding, any further proceeding or otherwise.

Wherefore, the Settling Parties agree to jointly petition the Department to approve this Offer of Settlement by submitting a Joint Motion for Approval of Offer of Settlement in accordance with 220 C.M.R. § 1.10(8), and by their attorneys do hereunto affix their names.

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY
By its Attorney

Patricia M. French xma

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